



# **DAILY NEWS PAPER ANALYSIS**

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SECTOR 25 CHANDIGARH**

# SC upholds SIR as EC's constitutional duty

Court says EC has constitutional duty to verify citizenship for inclusion or exclusion from rolls

EC asked to refer names of purged Bihar electors to Centre for adjudication under Citizenship Act

The second phase of the SIR commenced even as a challenge was pending in the Supreme Court

Krishnaadas Rajagopal  
NEW DELHI



The Supreme Court on Wednesday upheld the special intensive revision (SIR) of electoral rolls as an exercise done by the Election Commission (EC) in furtherance of its constitutional obligation to conduct free and fair elections.

"SIR bears a direct nexus to the constitutional goal of a free and fair election. Free and fair elections do not rest merely upon the mechanics of polling. They equally depend upon the integrity, accuracy, and purity of the electoral roll which forms the foundation of the democratic process," a Bench of Chief Justice of India S. P. Kumar Swamy and Justice Jayaprakash Narayan said.

The judgment affirming the constitutionality of the Bihar SIR will have an impact on next rounds of SIR.

Citizenship is a condition precedent for enrolment (in electoral rolls). The EC, in the course of preparing or revising electoral rolls, is undeniably empowered to examine questions bearing upon citizenship

SUBHA KANT  
Chief Justice of India

The court dismissed the view of the petitioners that the SIR was a backdoor attempt to conduct citizenship screening in the name of "purifying" the electoral roll of aliens. The EC was well within its authority to verify citizenship to the limited extent of determining inclusion or exclusion from the electoral roll, it said. "Citizenship is a condition precedent for enrolment. The EC, in the course of preparing or revising electoral rolls, is undoubtedly empowered to examine questions bearing

upon citizenship," Chief Justice Kant, who authored the 124-page judgment, observed.

Adjudication of cases  
The court directed the poll body to refer, within the next four weeks, the names of electors who were part of the 2003 electoral roll but were purged in the Bihar SIR, on the grounds of being non-citizens, to the Centre for adjudication by a competent authority under the Citizenship Act.

The authority must de-

Respectfully disagree: Cong.

NEW DELHI  
The Congress on Wednesday said it "respectfully disagreed" with the Supreme Court order upholding the legality of the special intensive revision (SIR) of electoral rolls. » PAGE 4

Verdict a defeat for Congress: BJP

NEW DELHI  
The BJP on Wednesday hailed the Supreme Court verdict on the SIR, describing it as a defeat of the Congress and its allies on "constitutional" grounds. » PAGE 4

life into the constitutional mandate of Article 324 (EC's power to conduct and supervise elections).

Cogent justifications  
The court said the EC had "cogent justifications" to conduct the SIR, namely the passage of more than two decades since the last intensive revision, large-scale additions and deletions over that period, rapid urbanisation, migration, and the resulting possibility of repeated or defective entries. The court said the electoral roll was not a static document and must evolve in response to changes in population, residence, and eligibility.

It rejected the petitioners' argument that the SIR did not have an empirical foundation. Chief Justice Kant justified that large-scale migration, non-reporting of deaths, and duplication of entries were

EC's power to conduct and supervise elections).

SIR suffering  
The court refused to believe that the SIR caused suffering. It said appropriate safeguards were in place or introduced to mitigate hardship and arbitrary exclusion. These involved the inclusion of Aadhaar as the 12th "indicative" document for citizenship verification; a direction to publish the complete list of approximately 66 lakh excluded electors in Bihar and the active assistance rendered by the booth-level agent of political parties at the grassroots level.

- Duplicate or defective entries.
- Non-reporting of deaths.
- Frequent changes in residence patterns.

## Safeguards Highlighted

- Aadhaar accepted as an indicative document.
- Publication of excluded voter lists.
- Booth Level Officers (BLOs) and political party agents to assist voters.
- Opportunity for appeal and correction.

## KEY HIGHLIGHTS:

### Context of the News

- The Supreme Court upheld the constitutional validity of the Election Commission's (EC) Special Intensive Revision (SIR) of electoral rolls conducted in Bihar.
- The Court observed that free and fair elections depend not only on polling but also on the accuracy and purity of electoral rolls.
- It ruled that the EC has powers under Article 324 to verify citizenship status for the limited purpose of voter enrolment.
- The judgment is significant as the second phase of SIR covering nearly 51 crore voters across 12 States and Union Territories has begun.

### Key Highlights of the Judgment

#### Supreme Court Observations

- Electoral rolls are the foundation of democracy.
- Free and fair elections are part of the Basic Structure Doctrine.
- Citizenship is a condition precedent for voter registration.
- EC's powers under Article 324 are broad enough to ensure electoral integrity.
- SIR supplements the Representation of the People Act (RPA) and Registration of Electors Rules, 1960.

#### Directions Issued by the Court

- Names deleted on grounds of non-citizenship to be referred for adjudication under the Citizenship Act.
- Genuine citizens must be restored before future elections.
- Wrongly deleted electors can challenge EC decisions before courts.

#### Reasons Given by EC for SIR

- More than 20 years since the last intensive revision.
- Large-scale migration and urbanisation.

## Constitutional & Legal Linkages

Provision/Law	Relevance
Article 324	Powers of EC over elections
Article 326	Universal Adult Suffrage
Articles 5-11	Citizenship provisions
RP Act, 1950	Preparation and revision of electoral rolls
RP Act, 1951	Conduct of elections
Registration of Electors Rules, 1960	Procedure for inclusion/deletion of voters

## Important Supreme Court Cases

Case	Significance
<i>Mohinder Singh Gill v. CEC (1978)</i>	Broad powers of EC under Article 324
<i>PUCL v. Union of India (2003)</i>	Electoral transparency and voter rights
<i>K.S. Puttaswamy v. Union of India (2017)</i>	Privacy concerns related to Aadhaar

## Significance of the Judgment

### Positive Aspects

- Improves accuracy of electoral rolls.
- Removes bogus and duplicate voters.
- Strengthens electoral integrity.
- Enhances credibility of democratic processes.
- Reinforces constitutional status of EC.

### Concerns & Challenges

- Possibility of wrongful exclusion of genuine voters.
- Documentation burden on migrants and poor citizens.
- Fear of indirect citizenship verification.

- Administrative errors may disenfranchise vulnerable groups.
- Privacy concerns regarding Aadhaar-based verification.

#### Constitutional & Ethical Dimensions

- Balance between:
  - Electoral purity
  - Inclusive democracy
- Voting rights are central to democratic participation.
- Due process and natural justice must be ensured during deletions.

#### Way Forward

- Conduct regular periodic revisions instead of delayed intensive revisions.
- Strengthen grievance redressal mechanisms.
- Ensure transparency in verification procedures.
- Increase voter awareness campaigns.
- Use technology with data protection safeguards.
- Prevent arbitrary exclusion of eligible voters.
- Improve coordination between EC and citizenship authorities.

# Health expenses dip as govt. spend rises

The out-of-pocket expenditure as a share of the total health expenditure has been calculated as 43.4% in 2022-23, as against 64.2% in 2013-14; the Ministry credits the results to operationalisation of Ayushman wellness centres; the share of private health insurance has also increased, report says

Bindu Shajan Perappadan  
NEW DELHI

Concurrent with the increase in government health expenditure, the out-of-pocket expenditure (OOPE) share in total health expenditure has declined by 21%, from 64.2% in 2013-14 till date, noted the National Health Accounts (NHA) estimates for India 2022-23, released by the Union Health Ministry on Wednesday.

The OOPE as a share of the total health expenditure has been calculated as 43.4% in 2022-23, as against 64.2% in 2013-14.

"This declining trend of OOPE indicates the improved access to health services, leading to reduced financial burden on the households," said a senior Health Ministry official.

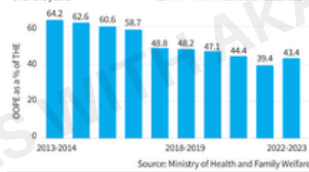
He added that this is also the impact of operationalisation of more than 1.8 lakh Ayushman Arogya Mandir wellness centres across the country, providing preventive and curative healthcare services closer to the community.

These centres provide free services across 12 expanded packages, including reproductive and child health, communicable/non-communicable diseases, free drugs/diagnostics services, teleconsultations, and preventive care through wellness sessions.

"These measures have reduced the episodes of sickness. On in-depth analysis, it has been observed that the purchase of pharmaceuticals, including health supplements, vitamins, protein and other supplements (from well-

## A medical shift

The chart shows India's year-wise share of out-of-pocket expenditure (OOPE) in total health expenditure (THE) over the years



ness centres), is the main driver of OOPE in the current estimates," the Ministry said.

The NHA 2022-23 is the 10<sup>th</sup> report on health expenditure estimates prepared by the National



The part reasons of OOPE in current estimates is purchase of pharmaceuticals and supplements from govt. centres

The report indicates an increase in the share of government health expenditure in the country's Gross Domestic Product (GDP). It has risen from 1.15% in 2013-14 to 1.43% in 2022-23.

Similarly, health expenditure's share in general government expenditure has increased from 3.78% to 4.89% over the same period.

In per capita terms, government health expenditure has increased nearly 2.7 times, from ₹1,042 to ₹2,786 between 2013-14 and 2022-23.

To address the emergency COVID pandemic situation, the government increased the health expenditure significantly to 1.84% of GDP in 2021-22 towards managing the pandemic situation given these additional spending by the government as a one-time measure. OOPE as a percentage of total health expenditure during this period also declined to 39.4%.

Inter-temporal comparisons also reveal a positive trend in the growth of social security expenditure. Spending here increased substantially from 6% in 2013-14 to 9.9% in 2022-23.

The share of private health insurance has also increased, from 3.4% to 9.2%, clearly indicating improved health-seeking behaviour due to awareness.

Services Provided

- Maternal and child healthcare
- NCD screening
- Free drugs and diagnostics
- Teleconsultation
- Preventive healthcare

## Important Data for UPSC

- More than 1.8 lakh Ayushman Arogya Mandirs operational.
- Major driver of OOPE:
  - Pharmaceuticals and health supplements.
- India still spends lower on public health compared to global averages.

## KEY HIGHLIGHTS:

### Context

- Union Health Ministry released the National Health Accounts (NHA) Estimates 2022-23.
- Report highlights a decline in Out-of-Pocket Expenditure (OOPE) on healthcare.
- Government health expenditure has increased due to:
  - Ayushman Bharat initiatives
  - Expansion of public healthcare infrastructure
  - Free drugs and diagnostics schemes
- Report prepared using System of Health Accounts (SHA), 2011 framework.

### Key Findings

- OOPE declined:
  - 64.2% (2013-14) → 43.4% (2022-23)
- Government Health Expenditure (GHE) as % of GDP:
  - 1.15% → 1.43%
- Health expenditure as % of General Government Expenditure:
  - 3.78% → 4.89%
- Per capita GHE:
  - ₹1,042 → ₹2,786
- Social Security Expenditure:
  - 6% → 9.9%
- Private Health Insurance share:
  - 3.4% → 9.2%
- During COVID-19:
  - GHE rose to 1.84% of GDP (2021-22)

### Important Government Initiatives

Ayushman Bharat Components

- PM-JAY Health insurance coverage up to ₹5 lakh per family annually.
- Ayushman Arogya Mandirs Comprehensive primary healthcare centres.

### Static Linkages

- Article 47:
  - Duty of State to improve public health.
- Health:
  - Primarily a State List subject.
- National Health Policy 2017 target:
  - Public health expenditure = 2.5% of GDP
- SDG-3:
  - Universal Health Coverage (UHC).

### Significance

- Reduction in catastrophic health expenditure.
- Reduction in medical poverty.
- Improved access to affordable healthcare.
- Strengthening preventive healthcare system.
- Supports inclusive human development.

### Challenges

- Public health expenditure still low.
- High dependence on private healthcare sector.
- Interstate disparities in healthcare infrastructure.
- High medicine and diagnostic costs.
- Shortage of healthcare workforce in rural areas.

### Way Forward

- Increase public health expenditure to 2.5% of GDP.
- Strengthen primary healthcare system.
- Expand free medicines and diagnostics.
- Improve rural healthcare infrastructure.
- Strengthen preventive healthcare and nutrition awareness.
- Better Centre-State coordination in health governance.

# Global crises demand more than 'citizen sacrifice'

Recently, Prime Minister Narendra Modi issued seven appeals urging citizens to embrace restraint, self-reliance, and responsible consumption amid global uncertainty caused by the America-Iran conflict and disruptions in the Strait of Hormuz. These included buying local products, conserving energy, avoiding unnecessary foreign travel, prioritising domestic tourism, supporting indigenous innovation, and promoting work from home wherever feasible. The appeals have drawn mixed reactions from political parties, economists, businesses, and the public. Some view them as practical nationalism resilient to an unstable world, while others see them as realising rather than rhetoric. Supporters argue that promoting domestic consumption and industry is in the social sector see the messages as supporting a healthier and environmentally sustainable lifestyles.

**A subtle shift to the citizen**  
There is merit in these arguments. India, like every other country, must prepare for a more uncertain global environment. Yet, Mr. Modi's appeals warrant closer scrutiny, as they primarily seek to modify citizen behaviour while leaving governments and institutions relatively insulated from equivalent responsibility. In doing so, the burden of managing structural crises is subtly shifted from the state to individuals.

Modern democratic governance rests on an implicit social contract. Citizens pay taxes, obey laws, participate in democracy, and contribute to the economy. In return, governments are expected to provide public goods, social protection, health care, infrastructure, education, economic stability, and strategic preparedness. Governments exist not merely to advise citizens during crises, but to build systems resilient enough to withstand them. Yet, they often fall short of fulfilling this contract, with even electoral promises only partially implemented before being reworked for future elections.

When elected governments increasingly respond to structural economic or geopolitical shocks by urging citizens to consume responsibly, sacrifice, adapt, or remain resilient, without simultaneously undertaking matching institutional reforms, the social contract begins to weaken. Long-term opportunities for structural correction are gradually replaced by behavioural messaging and symbolic appeals.

This phenomenon, of course, is not unique to India. Across the world, governments confronting inflation, climate stress, energy insecurity, or economic slowdown routinely ask citizens to reduce consumption, recycle more, conserve electricity, or embrace austerity. Individual behaviour certainly matters. But such appeals often obscure the much larger responsibility of states and corporations in shaping systemic



**Chandrakant Lahariya**  
Practising cardiometabolic physician and health policy specialist who has worked with the United Nations system for nearly 18 years

outcomes. That is why a wider public dialogue and deeper reflection on these issues become essential. Behavioural appeals may generate symbolic solidarity, but symbolism cannot become a substitute for institutional preparedness.

**Question for the government**  
The modern global economy is extraordinarily interconnected. Food security, climate change, financial systems, and technological ecosystems all transcend national borders. No country, including India, can insulate itself through behavioural nationalism alone. The danger lies in oversimplifying complex structural challenges into moral obligations for citizens. Patriotism, however emotionally resonant, cannot replace long-term economic planning, institutional competence, and policy coherence. National resilience is built through capable institutions and sustained public investment.

There is also an uncomfortable asymmetry. Citizens are repeatedly advised to conserve, adjust, and become self-reliant. Yet, why are governments not publicly issuing equivalent commitments to transparency, regulatory stability, public investment, and institutional reform?

Instead of focusing primarily on what citizens should do for governments during crises, one may ask a more foundational democratic question: what should governments do for citizens during periods of global instability? If these seven appeals were reconstructed from a citizen-centric perspective, the priorities would look very different.

First, governments must invest far more seriously in social protection systems. The COVID-19 pandemic showed that resilient societies are built not only through disciplined citizens, but also through strong public institutions. Yet, improvements since then have remained uneven. In health care, the expansion of private and corporate services has often outpaced the strengthening of public systems. Future resilience requires sustained investment in primary health care, disease surveillance, nutrition, mental health, emergency preparedness, education, and other social sectors.

Second, governments must confront rising economic inequality rather than relying excessively on consumption patriotism. Economic resilience cannot emerge from patriotic appeals alone when millions remain financially insecure, unemployed, or trapped within informal labour systems and the gig economy without adequate social protection.

Third, governments must prioritise long-term investments in education, scientific research, and public universities. Genuine self-reliance is built through decades of investment in laboratories, universities, manufacturing ecosystems, scientific temper, and innovation capacity. It is not enough merely to establish Indian campuses of Ivy

League universities; Indian universities and research institutions must themselves emerge as among the world's leading centres of knowledge and innovation.

Fourth, governments must strengthen transparency, public trust, and their handling of widespread public anxiety and uncertainty. During crises, trust becomes a strategic national asset. Citizens cooperate when governments communicate honestly, acknowledge uncertainties, and allow independent institutions, experts, and media to function freely.

Fifth, governments must invest far more seriously in climate resilience and sustainable urbanisation. Asking citizens to conserve electricity while cities continue to suffer from poor planning, inadequate public transport, shrinking green spaces, and worsening environmental degradation addresses symptoms rather than causes. While the push for electric vehicles and alternative energy is welcome, quality urban infrastructure remains inadequate. Failed initiatives such as smart cities are rarely evaluated critically and are instead quietly forgotten.

Sixth, governments must reduce regulatory unpredictability and create stable, fair policy environments for businesses, workers, researchers, and entrepreneurs. National resilience depends upon predictable governance and institutional consistency. Democratic dialogue instead of allowing criticism to be routinely framed as anti-national.

Seventh, governments must protect democratic dialogue through open debate, institutional criticism, intellectual diversity, and democratic course correction.

**The need for strong institutions**  
None of this implies that citizens have no responsibilities. Responsible consumption, environmental awareness, social solidarity, and support for domestic capabilities are important civic virtues. But they cannot substitute for governance itself. Democracies cannot function sustainably if governments merely offer behavioural advice while citizens bear the consequences of structural vulnerabilities.

The larger danger of behavioural politics is that it normalises institutional underperformance. Individual responsibility matters, but it cannot become the primary response to fundamentally structural problems. Achieving that ambition will require strong institutions, evidence-based policymaking, investment in human capital, and a renewed social contract in which governments accept greater responsibility for national resilience. The true test of leadership during crises is whether governments demonstrate the accountability, foresight, and policy seriousness needed to protect citizens in an increasingly uncertain world.

- Strong public institutions
- Social protection
- Public healthcare
- Education and research investment
- Climate resilience
- Transparent governance
- Raises concern that:
  - Behavioural appeals cannot replace governance reforms.

## Static Linkages

- Welfare State concept
- Social Contract Theory
- Directive Principles of State Policy
- Fundamental Duties
- Energy Security
- Strategic Petroleum Reserves (SPR)
- Human Capital Formation
- Inclusive Growth
- Sustainable Development
- Climate Resilience
- Urban Governance
- Informal Economy
- Democratic Accountability
- Institutional Capacity

## Critical Analysis

- Positives**
- Encourages sustainable lifestyles.
  - Promotes domestic manufacturing.
  - Supports energy conservation.
  - Can reduce import dependence.
  - Enhances citizen participation in nation-building.
- Concerns**
- Excessive focus on citizen behaviour may dilute state accountability.
  - Structural issues like:
    - unemployment,
    - inequality,
    - weak public healthcare,
    - urban infrastructure deficits
    - remain unresolved.
  - Symbolic nationalism cannot substitute institutional reforms.
  - Regulatory unpredictability affects economic resilience.

## Way Forward

- Strengthen public healthcare and education.
- Increase investment in R&D and innovation.
- Improve climate-resilient urban infrastructure.
- Expand social protection for informal workers.
- Ensure transparent and predictable governance.
- Strengthen strategic petroleum reserves.
- Promote evidence-based policymaking.
- Balance citizen responsibility with state accountability.

## KEY HIGHLIGHTS:

### Context

- PM Narendra Modi issued seven public appeals urging citizens to adopt:
  - Responsible consumption
  - Energy conservation
  - Buying local products
  - Domestic tourism
  - Support for indigenous innovation
  - Reduced unnecessary foreign travel
  - Work-from-home practices where feasible
- Appeals came amid global uncertainty due to:
  - America-Iran tensions
  - Disruptions in the Strait of Hormuz
- Debate emerged regarding:
  - Citizen responsibility vs State responsibility
  - Behavioural nationalism vs structural reforms
  - Institutional preparedness and governance accountability

### Key Points

- Strait of Hormuz is a critical global oil chokepoint.
- India imports around 85% of crude oil needs.
- West Asia instability impacts:
  - Energy security
  - Inflation
  - Current Account Deficit (CAD)
  - Supply chains
- Appeals align with:
  - Atmanirbhar Bharat
  - Vocal for Local
  - Mission LiFE
- Article highlights need for:

# Tariffs to carbon, the new rules shaping India's trade

Proposed in July 2021, the European Union (EU)'s Carbon Border Adjustment Mechanism (CBAM) entered its definitive phase from January 1, 2026. As a climate policy tool, CBAM seeks to prevent carbon leakage by imposing a carbon-linked charge on imports based on their embedded emissions. Carbon-intensive products such as steel, cement, aluminium, fertilizers, electricity, and hydrogen will be affected. While CBAM could encourage wider adoption of carbon pricing policies and help reduce global emissions, it also poses significant challenges for developing countries such as India. Even as India pursues bilateral trade negotiations with the EU, CBAM will still apply, making carbon-intensive exports to Europe costlier. Market access, therefore, is increasingly being shaped not only by tariffs but also by compliance with carbon-emission standards. Its effects may also extend beyond targeted sectors through global price shifts and the gradual adoption of similar policies by other developed countries.



**Pooornima Varma**  
Faculty member at the Indian Institute of Management Ahmedabad (IIMA)

technologies to retain market access. In the short run, compliance costs could shrink profit margins and hurt export competitiveness despite ongoing free trade agreement negotiations. The effects of CBAM are not confined to direct trade impacts. As a major net importer of fertilizers, India may also face indirect price pressures through global price transmission. Key fertilizer exporters to the EU – Egypt, Russia, Morocco and China – are also major suppliers of fertilizers to India. As these suppliers face higher carbon-compliance costs, part of the burden is likely to be passed on through higher global fertilizer prices. India's fertilizer import bill is therefore likely to increase, jeopardising the agricultural sector, farm profitability and high food prices. More broadly, CBAM signals a structural shift in global trade, as other developed countries consider adopting similar carbon tariff compliance policies, potentially constraining market access for developing countries such as India.

**The CBAM framework**  
CBAM is structurally distinct from traditional non-tariff measures (NTMs), such as product standards. While NTMs affect market access through compliance requirements and are largely qualitative, with scope for interpretation, CBAM is price-based and quantifiable, directly linking market access for carbon-intensive products to carbon emissions. In this changed scenario, even if exporters comply with the product quality standards in destination markets, the carbon intensity of production is likely to raise export costs and thereby constrain market access. Additionally, investing in cleaner energy and transitioning

toward carbon-neutral production is significantly more expensive than complying with conventional product quality standards, especially in the short run. Market access and export growth are no longer determined by tariffs alone. As global trade becomes increasingly linked to carbon-emission measures, comparative advantage now depends not only on production efficiency and pricing, but also on the carbon efficiency of production processes. In this context, countries such as India must adopt a two-pronged strategy of domestic reform and effective international negotiation.

**Moves to consider**  
Domestically, greater investment in clean energy and stricter implementation of carbon policies are essential to improve firms' carbon efficiency. Internationally, India must negotiate for equitable treatment of developing countries so that the short-run costs of carbon compliance can be eased through a phased transition. Since climate policies such as CBAM also raise the cost of importing emission-intensive and more expensive goods such as fertilizers, reducing import dependence through higher domestic production and better implementation of the Soil Health Cards Scheme and the promotion of balanced and need-based application of fertilizers is equally important. India must also seek transitional support and technology transfer to ensure a level playing field in trade agreements with developed countries. The challenge is not merely adapting to carbon-constrained trade regimes, but ensuring that the transition does not undermine growth and sustainability.

The views expressed are personal

- Increase subsidy burden
- Raise food inflation
- Reduce farm profitability

## Trade Implications

- Market access increasingly linked to carbon efficiency.
- Comparative advantage shifting towards low-carbon production.
- Similar mechanisms may emerge in other developed countries.

## Static Linkages

- CBDR-RC Principle
- Paris Climate Agreement
- Polluter Pays Principle
- Carbon Pricing
- Emissions Trading System (ETS)
- SDG-13 (Climate Action)
- National Action Plan on Climate Change (NAPCC)
- PAT Scheme
- National Green Hydrogen Mission
- Soil Health Card Scheme
- WTO Principles:
  - MFN Principle
  - National Treatment Principle

## Critical Analysis

### Positives

- Encourages cleaner production.
- Promotes global emission reduction.
- Prevents carbon leakage.
- Incentivizes green technology adoption.

### Concerns for India

- Acts as non-tariff trade barrier.
- Increases compliance burden.
- High transition cost for industries.
- MSMEs may face competitiveness issues.
- Higher fertilizer prices may fuel inflation.

### India's Concerns

- Ignores historical responsibility of developed countries.
- Violates climate equity concerns.
- Inadequate climate finance and technology transfer.

## Way Forward

- Expand renewable energy use in industries.
- Promote low-carbon steel production.
- Strengthen PAT Scheme.
- Develop domestic carbon market.
- Expand Green Hydrogen Mission.
- Reduce fertilizer import dependence.
- Improve Soil Health Card implementation.
- Seek phased transition under trade agreements.
- Demand climate finance and technology transfer.
- Diversify export markets.

## KEY HIGHLIGHTS:

### Context

- European Union's Carbon Border Adjustment Mechanism (CBAM) entered its definitive phase from January 1, 2026.
- Proposed in 2021 under the European Green Deal.
- Objective:
  - Prevent carbon leakage
  - Promote global decarbonization
- Applies to carbon-intensive imports:
  - Steel
  - Cement
  - Aluminium
  - Fertilizers
  - Electricity
  - Hydrogen
- Carbon-linked charges imposed based on embedded emissions.

### Key Points

#### About CBAM

- Climate-linked trade mechanism of the EU.
- Importers must pay according to embedded carbon emissions.
- Linked to EU Emissions Trading System (ETS).

#### Carbon Leakage

- Industries shifting production to countries with weaker climate regulations.
- CBAM discourages such relocation.

#### Impact on India

##### Industrial Sector

- Steel and aluminium sectors highly vulnerable.
- Coal-based production increases carbon intensity.
- Export competitiveness may decline.
- Compliance costs likely to rise.

##### Agricultural Sector

- Global fertilizer prices may increase.
- India dependent on fertilizer imports.
- Higher fertilizer prices may:

## Betrayal of mandate

The Tamilaga Vettri Kazhagam should not allow defectors to join the party

Before the indelible ink applied on voters' index fingers could fade, the Tamilaga Vettri Kazhagam (TVK) has introduced in Tamil Nadu a disturbing brand of politics bearing striking similarities to the 'Operation Lotus' model first adopted by the Bharatiya Janata Party (BJP) in Karnataka. By instantly embracing into its fold four All India Anna Dravida Munnetra Kazhagam (AIADMK) legislators who resigned their Assembly membership, the fledgling TVK, which marketed itself as a "pure force", has adopted a dubious tactic deployed by its "ideological opponent", the BJP. This model encourages Opposition legislators to resign and join the ruling party, with an opportunity to re-enter the Assembly through by-elections. Irrespective of its legitimacy or the prospects of the four legislators re-entering the electoral fray soon, the operation's objective remains no different from the 'Aaya Ram, Gaya Ram' model of horse-trading. The AIADMK rebels, who voted for the TVK during the trust vote, attributed intra-party concerns to their resignations, which the Speaker accepted in quick time. Apart from dishonouring the people's mandate within just 21 days, the move comes when petitions for their disqualification were pending with the Speaker. Clearly, the TVK is wary of the inherent political checks and balances in the State's fragile first post-poll coalition government and appears to be preparing to ease out allies should they pose challenges.

The development is not entirely surprising, as the TVK has so far displayed an uncanny political instinct for exploiting support from rival parties to tide over crises, be it after the Karur rally stampede or during government formation. In the wake of the fractured mandate, the TVK simultaneously reached out to constituents of both the DMK-led Secular Progressive Alliance and the National Democratic Alliance that includes the AIADMK and the BJP. Early on, Amma Makkal Munnetra Kazhagam leader T.T.V. Dhinakaran had flagged an attempt to poach his lone legislator. Besides, despite securing the support of the DMK's erstwhile allies, C. Joseph Vijay had no qualms about calling on tainted AIADMK rebel leaders on the eve of the floor test, while calculatedly ignoring the party's general secretary, Edappadi K. Palaniswami. This encouraged divisions within the AIADMK legislature party during the voting, prompting representations for disqualifying the rebels. By now, 'Operation Lotus' has become a familiar playbook for subverting the people's mandate. The trend calls for amendments to election laws, perhaps through the imposition of a "cooling period" restraining candidates from contesting the immediate by-election caused by their resignation. Otherwise, such defections accompanied by resignations will only be seen as subverting democratic processes.

## KEY HIGHLIGHTS:

### Context

- Four rebel MLAs of the All India Anna Dravida Munnetra Kazhagam resigned from the Tamil Nadu Assembly and joined Tamilaga Vettri Kazhagam (TVK).
- The episode has been compared with the "Operation Lotus" model associated with engineered defections through resignations and by-elections.
- The issue revived debate on:
  - Anti-Defection Law,
  - Role of Speaker,
  - Constitutional morality,
  - Electoral reforms.

### Key Points

- "Operation Lotus":
  - Strategy of inducing Opposition legislators to resign to alter majority in the legislature.
  - Helps bypass Anti-Defection provisions.
- Concern:
  - Subversion of people's mandate.
  - Political instability in coalition governments.
  - Horse-trading and unethical political practices.

- Speaker accepted resignations despite pending disqualification petitions.
- Similar political crises witnessed in:
  - Karnataka (2019),
  - Madhya Pradesh (2020),
  - Maharashtra.

### Static Linkages

- Tenth Schedule → Anti-Defection Law.
- 52nd Constitutional Amendment Act, 1985.
- 91st Constitutional Amendment Act, 2003.
- Articles 102(2) and 191(2) → Disqualification on grounds of defection.
- Kihoto Hollohan Case (1992):
  - Speaker's decision subject to judicial review.
- Objective:
  - Political stability,
  - Prevent "Aaya Ram Gaya Ram" politics,
  - Strengthen party discipline.
- Free and fair elections → Part of Basic Structure doctrine.

### Critical Analysis

#### Positives

- Legislators possess freedom of political association.
- Resignation is constitutionally permitted.
- Political realignments may reflect changing political realities.

#### Concerns

- Circumvents Anti-Defection Law.
- Weakens representative democracy.
- Encourages horse-trading.
- Misuse of Speaker's office allegations.
- Destabilises elected governments.
- Reduces public trust in democratic institutions.

### Way Forward

- Introduce "cooling-off period" before resigned legislators can contest again.
- Time-bound decision on disqualification petitions.
- Independent tribunal for defection cases instead of Speaker.
- Strengthen intra-party democracy.
- Electoral reforms to curb unethical defections.

## Partial digitisation

Cumbersome processes from analogue era remain despite more online services

**D**igitising citizen services is a process full of promise and empowerment. In India, making processes faceless carries the added benefit of relief from the rent seeking that is rife in government offices. The more services are available online, the better. It is possible; in December 2024, Estonia digitised the last citizen service that only remained possible on paper: divorce. In this light, participation of private firms such as WhatsApp in getting digital services delivered to more people, as in Gujarat, is welcome. This being said, the digital service delivery in India has several issues: a lack of trust towards the citizen, in spite of the citizen-centricity touted as the reason for their existence; systematic underinvestment leading to lapses in availability and reliability; and lax cybersecurity. In many cases involving the most dysfunctional online services, the responsibility lies with States, such as property records registration and civil acts such as marriage. But even in those where the remit lies with the Union government, there are serious issues.

While lip service is paid to the importance of securing key cybersecurity infrastructure, serious vulnerabilities remain. Security of data residing on public databases is taken for granted, and institutions such as the Indian Computer Emergency Response Team (CERT-In) have failed to rise to the challenge. Also, on myriad forms online, users are forced to type and submit the same details repeatedly, even though systems such as Digi Locker exist that are purported to ease this process. A shadow of a "mismatch" can anyway result, and few if any processes allow citizens to cure defects without redoing the entire process – a shocking lapse punishing routine variations in names and spellings. Scant regard is paid to the accessibility and intuitive design, leaving persons with disabilities and vast swathes of the population dependent on outside assistance to go through a self-service process. Some systems are left defunct or sputtering years after their launch: take e-Sanad, launched a decade ago to help people legalise personal documents while travelling abroad or emigrating. Few States have been on-boarded, leaving other residents to deal with middlemen and touts in the pre-verification process that precedes the so-called Apostille stamp they need on a time-bound schedule. As with this process, the analogue equivalents of broken digital services remain inaccessible and cumbersome, such as updating details on Aadhaar, which requires visiting a physical office. The creation of Digital Public Infrastructure such as UPI and Aadhaar are of little use without reciprocal trust by the government and a commitment to uptime and service quality.

## KEY HIGHLIGHTS:

### Context of the News

- India is expanding digital governance under initiatives like:
  - Digital India,
  - Aadhaar,
  - UPI,
  - DigiLocker,
  - e-Governance portals.
- States are increasingly using private digital platforms such as WhatsApp for citizen service delivery.
- Concerns have emerged regarding:
  - Cybersecurity vulnerabilities,
  - Poor interoperability,
  - Repeated documentation requirements,
  - Accessibility issues,
  - Frequent portal failures,
  - Dependence on middlemen despite digitisation.
- Dysfunctional digital systems such as e-Sanad highlight implementation gaps in Digital Public Infrastructure (DPI).

### Key Points

- Digitisation aims to:
  - Reduce corruption and rent-seeking,
  - Improve transparency,
  - Enable faceless governance,
  - Enhance efficiency in service delivery.

- India's major Digital Public Infrastructure:
  - Aadhaar,
  - UPI,
  - DigiLocker,
  - CoWIN,
  - GSTN.
- Major governance concerns:
  - Weak cybersecurity safeguards,
  - Data leak risks,
  - Limited effectiveness of CERT-In,
  - Lack of integration among databases,
  - Poor grievance redressal mechanisms.
- Accessibility challenges:
  - Exclusion of elderly, rural population, and persons with disabilities,
  - Complex interfaces and low digital literacy.
- Repeated manual data entry persists despite DigiLocker integration.
- Minor name/spelling mismatches often lead to rejection of applications.
- Many State-level digital platforms suffer from:
  - Underinvestment,
  - Low uptime,
  - Technical inefficiency.

### Static Linkages

- Article 14 – Non-arbitrariness in governance.
- Article 21 – Right to dignity, privacy, and access to services.
- Right to Privacy Judgment (2017).
- Digital India Programme (2015).
- National e-Governance Plan (NeGP).
- Second ARC recommendations on e-governance.
- SMART Governance principles.
- IT Act, 2000.
- CERT-In framework.
- Rights of Persons with Disabilities Act, 2016.
- Economic Survey emphasis on Digital Public Infrastructure.

### Critical Analysis

#### Advantages

- Reduces corruption and human interface.
- Enhances transparency and efficiency.
- Improves ease of access to government services.
- Promotes financial and digital inclusion.
- Enables data-driven governance.

#### Challenges

- Cybersecurity vulnerabilities and data breaches.
- Digital divide and exclusion.

- Poor interoperability between departments.
- Weak grievance-redress mechanisms.
- Over-centralisation of citizen data.
- Lack of trust-based governance.
- Accessibility barriers for disabled persons.
- Continued dependence on middlemen.

#### Ethical/Constitutional Concerns

- Privacy vs surveillance debate.
- Accountability in automated governance.
- Risk of exclusion violating equality principles.
- Need for citizen-centric rather than technology-centric governance.

#### Way Forward

- Strengthen cybersecurity architecture and audits.
- Ensure interoperability across government databases.
- Improve accessibility and multilingual support.
- Adopt trust-based and paperless governance.
- Create robust grievance-redress systems.
- Enhance investment in State digital infrastructure.
- Expand digital literacy initiatives.
- Maintain offline alternatives during transition phase.
- Ensure accountability through service delivery standards.

# Court order hands EC a clean chit. But SIR's deleted still await justice



ASHOK LAVASA

THE MUCH-anticipated Supreme Court SC order on the constitutionality of the Special Intensive Revision (SIR) of electoral rolls (ER) undertaken by the Election Commission (EC) is not, considering the situation and delay in rival camps, I wonder if it surprised anyone.

The SC first heard this petition on July 10 last year, soon after the EC initiated the SIR process on June 24, 2022 in Bihar. That the SC allowed the process to be completed in Bihar with an extremely tight deadline in view of the imminent assembly elections, and thereafter in 12 other states (TS), was a reasonable indication of the way it perceived the legitimacy of the exercise. It linked with the process, and raised inconvenient questions during the hearing, gladdening the hearts of the petitioners temporarily. But then it also said it would not allow anyone to obstruct the process. In fact, the SC enabled the EC to continue the exercise in the face of alleged "non-cooperation" in West Bengal by appointing judicial officers and appellate tribunals to adjudicate such local appeals. To now expect the SC to negate the exercise by de-legitimising it was naive.

Before we look at the order and its implications, it must be understood that this SC order doesn't consider issues such as alleged discrepancies or the inability of the 27 lakh deleted voters in phase two of the SIR to avail of the appellate process. It examines the EC's

constitutional authority in conducting the SIR, the procedure followed, the documents prescribed for eligibility, and the scope of its enquiry into citizenship. It framed the following issues for consideration.

One, whether the EC has the power to conduct the Intensive SIR. Two, whether the SIR is founded on a legitimate purpose, and whether the measures adopted are proportionate to the object sought to be achieved. Three, whether the procedure adopted is contrary to, or in violation of, the provisions of the Representation of the People Act, 1950 and the Registration of Electors Rules, 1960. Four, whether, in the exercise of its constitutional mandate of preparation and maintenance of ERs, the EC is empowered to scrutinise the citizenship status of persons seeking inclusion or continuation in the ER.

The SC sees the SIR standing at the "intersection of two constitutional concerns" of including all eligible citizens and that the ER "must reflect the true composition of the political community". It is satisfied that in its object and design, the SIR "bears a direct nexus to the constitutional goal of a free and fair election" as that depends on the "integrity, accuracy and purity" of the ER, which forms the "foundation of the democratic process". The SC is convinced that the "the material on record" indicates that the "scale of the problem" identified by the EC was "systemic in nature, arising from cumulative inaccuracies over an extended period", needing a comprehensive SIR because "such a problem does not readily admit of piecemeal solutions".

The EC now owes it to the people to present a complete report card

on the health of the ERs following the SIR on the parameters of "integrity, accuracy and purity" and in comparison with the ER prepared under its own supervision earlier.

The SC finds the process and methodology followed by the EC for the SIR "optimal" and observes that it is "not open to this Court to supplant its own judgment in matters that concern the implementation of an exercise" for which the EC is endowed with "institutional expertise". At the same time, it finds that "the process, as initially designed, did raise legitimate concerns regarding documentation, transparency, and access". The SC puts itself on the back for addressing these concerns through "a series of judicial interventions, which progressively infused the process with safeguards", such as asking the EC to treat the Aadhaar card as an additional ID document of identity, and directing to publish the list of 6 lakh electors excluded from Bihar's draft roll, along with the reasons for such exclusion. In paragraph 96, the SC says, "the post-exercise data placed on record does not disclose a level of disenfranchisement so widespread or systemic as to indicate a constitutional infirmity in the design of the exercise". I wonder if the SC took into account the more than 27 lakh electors excluded in West Bengal.

The SC gives a clean chit to the EC on all counts, holding the SIR to be in "direct conflict with the RP Act and the 1960 Rules". Instead, it states that the exercise is "undertaken to advance the very objective which Part XV of the Constitution is designed to protect". It finds that the exercise "satisfies the requirements of proportionality" with "sufficient procedural safeguards to prevent arbitrary exclusion".

The SC holds that inclusion in the

electoral roll may have "a presumption of validity, such presumption is rebuttable" and doesn't impose an embargo on the powers of the Commission to undertake the SIR and finds the resultant deletions not "contrary to the 1960 Rules".

Even though the SC disagreed the inclusion of Aadhaar, it validates the EC's documentation regime without commenting on whether those documents were sufficient for the EC to be satisfied about the citizenship of electors. Even on the question of citizenship, which was the most contentious part of the SIR, the SC states that the EC is "empowered, in the exercise of its constitutional mandate, to undertake a limited enquiry into citizenship for the purpose of satisfying itself as to eligibility for inclusion in the electoral roll". However, it holds that "such an enquiry does not amount to a determination of citizenship in the strict sense". While it affects the individual's entitlement to be included in the electoral roll, it doesn't "dissent the individual of claims of citizenship, nor does it foreclose a determination of that question by the Competent Authority under the Citizenship Act".

While excluding such persons from the ER, it is incumbent upon the EC to refer them to the competent authority under the Citizenship Act, 1955 "for adjudication in accordance with law". It becomes essential for the EC to now disclose the number of such "ineligible" persons discovered through the SIR and refer them within four weeks to the competent authority for adjudicating their citizenship "before the next Parliamentary, Assembly, Local Body elections, whichever is earlier".

The SC order delivers a knockout punch that frowns the EC.

The writer is a former election commissioner

- Free and fair elections → Basic Structure Doctrine.
- Citizenship provisions under Articles 5–11.
- Citizenship Act, 1955.
- Electoral rolls revised through summary and intensive revisions.
- Aadhaar linked to identity verification debates.
- Judicial review over constitutional bodies.

## KEY HIGHLIGHTS:

### Context

- Supreme Court upheld the constitutional validity of the Election Commission's Special Intensive Revision (SIR) of electoral rolls.
- SIR was initiated in Bihar before Assembly elections and later extended to other States/UTs.
- Court held that accurate electoral rolls are essential for free and fair elections.
- Judgment clarified ECI's power to conduct limited inquiry regarding citizenship for electoral eligibility.

### Key Points

- ECI can conduct Special Intensive Revision under its constitutional mandate.
- Electoral roll purity linked to free and fair elections.
- Supreme Court upheld proportionality of the exercise.
- Court accepted Aadhaar as an additional identity document.
- ECI can conduct limited citizenship verification for electoral purposes.
- Such verification is not final determination of citizenship.
- Citizenship disputes must ultimately be decided under Citizenship Act, 1955.
- Court emphasized procedural safeguards against arbitrary exclusion.
- Electoral roll integrity forms foundation of representative democracy.

### Static Linkages

- Article 324 → Powers of Election Commission.
- Article 326 → Universal Adult Suffrage.
- Representation of the People Act, 1950 → Preparation of electoral rolls.
- Registration of Electors Rules, 1960.

## Critical Analysis

### Significance

- Strengthens credibility of electoral rolls.
- Reinforces constitutional status of ECI.
- Prevents duplicate and bogus voting.
- Supports democratic legitimacy.

### Concerns

- Possibility of wrongful exclusion of genuine voters.
- Documentation burden on poor and migrant populations.
- Risk of politicisation of citizenship verification.
- Transparency concerns regarding exclusion criteria.
- Weak appellate mechanisms may affect voting rights.

### Constitutional Dimension

- Balance between electoral integrity and inclusive democracy.
- Voting rights linked to democratic participation.
- Institutional autonomy of ECI vs judicial oversight.

## Way Forward

- Strengthen grievance redressal mechanisms.
- Ensure wider acceptance of identity documents.
- Improve transparency in voter deletion process.
- Increase voter awareness campaigns.
- Use technology with privacy safeguards.
- Ensure no eligible citizen is disenfranchised.

# When night falls, and temperature doesn't



RAJIB  
DASGUPTA

**D**ELHI HAS recorded the hottest May in 14 years, with the minimum temperature 5°C above normal. The occurrence of daytime-only heatwaves is increasingly shifting to nighttime-only and day-night compound heatwaves, and the conventional "hot day and cool night" is no longer the case.

A recent analysis reveals that warm nights in northeast, northwest and peninsular India increased by two-night days/decade and are projected to increase by 10-13 days/decade from 2015 to 2100. The forecast for the far-future (2080-2100) scenario: Warm nights (and days) are expected to rise sevenfold.

High night temperatures have a bearing on both sleep quantity and quality, and the nocturnal recovery of the body from diurnal heat stress. Body temperature falls after sleep onset, and the set point for thermoregulation is adjusted to a lower level. Humid heat exposure (during sleep time) suppresses the sleep-evoked core body temperature, raises the thermal load, and increases wakefulness.

Accounting for two thermal indices — hot night excess and hot night duration — a recent study has established strong evidence of an increased mortality risk associated with hot-night indices in most regions across the world. This was found to be independent of any association with daytime temperature. The "hot night excess" has been associated with increased hospital admission and mortality risks from conditions like stroke, cardiovascular conditions and dementia.

Even a night's lack of sleep has negative implications for cognitive ability, immune system, mood changes, quality of life and social activity. Indoor overheating is critical in bedrooms and is a key determinant of restorative sleep. The intersection of urban heat exposure and housing vulnerability is gaining attention. Recent observations in Chennai revealed that indoor temperatures remained in the 32-35°C range, and even exceeded 35°C. Prevailing relative humidity adds another layer of heat stress. Reports indicate the IMD is considering revising the criteria for declaring heatwave conditions

in coastal regions.

Several factors contribute to high indoor temperatures. External shades, a traditional consideration for residential housing sites, are increasingly less so. Awnings, solar screens and blinds can help with indoor cooling. Cross-ventilation helps, but modern apartment buildings are often deficient on this count; opening windows during high-heat diurnal hours is not advisable. Rooms in low-income settlements typically have low ceilings without enough space for "stratification" (warmer air near the ceiling and cooler air closer to the floor). Indoor electrical gadgets radiate heat, and switching to low-energy/thermally efficient equipment reduces it to some extent.

Permanent indoor alterations are costly, difficult to make and not suitable for tenants. Measures to improve shading include installing moveable/removable shading above, around, or on windows and doors, and shades for open spaces like verandas. Installing blinds and placing leafy green indoor plants by windows improve internal shading in rooms exposed to direct sunlight. Ceiling fans certainly improve ventilation, but tend to spread the heat around if the temperature is above 35°C.

It is generally difficult and expensive to cool the entire home. One or two rooms are best kept cool, and as little time as possible is spent in rooms that receive direct sunlight or kitchens. A shower before bed reduces body temperature slowly and avoids the risk of overheating. A glass of cold water before bed and loose clothing also help.

While heat-related mortality risk and advisories focus on peak daytime temperatures or exposure across the entire day, it is difficult to adapt to the consequences of nighttime exposure and high indoor heat. India needs to respond to this challenge, taking into account both climatic and socioeconomic contexts.

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## KEY HIGHLIGHTS:

### Context

- Delhi recorded hot minimum temperatures nearly 5°C above normal, highlighting rising nighttime heat stress.
- India is witnessing a transition from:
  - Daytime heatwaves → Nighttime heatwaves
  - Compound day-night heatwaves.
- Studies project:
  - Warm nights increasing by 10-13 days/decade (2015-2100).
  - Nearly 7-fold rise in warm nights by 2080-2100.
- IMD is considering revising heatwave criteria for coastal and humid regions.

### Key Points

#### Rising Nighttime Heat

- "Hot day-cool night" pattern weakening in India.
- Northeast, Northwest and Peninsular India witnessing rising warm nights.
- Urban Heat Island effect aggravating nighttime temperatures.

#### Health Impacts

- High night temperatures:
  - Reduce body recovery from daytime heat.
  - Affect sleep quality and cognitive function.
- Increased risks:
  - Stroke
  - Cardiovascular diseases
  - Dementia
  - Heat-related mortality.

- Mortality linked to hot nights can occur independent of daytime temperatures.

#### Urban Vulnerability

- Indoor temperatures in Chennai recorded:
  - 32°C-35.5°C.
- Major causes:
  - Poor ventilation
  - Dense housing
  - Concrete structures
  - Lack of green cover.
- Urban poor and informal settlements most vulnerable.

#### Adaptation Measures

- Passive cooling:
  - Shading
  - Ventilation
  - Cool roofs
  - Indoor greenery.
- Behavioural measures:
  - Hydration
  - Loose clothing
  - Reduced heat exposure.

#### Static Linkages

- Urban Heat Island effect increases heat retention.
- Relative humidity reduces evaporative cooling efficiency.
- Green cover regulates local temperature through evapotranspiration.
- Heatwaves are classified as disasters under disaster risk reduction frameworks.
- Climate change increases frequency and intensity of extreme weather events.
- Thermal comfort depends on temperature, humidity and airflow.

#### Critical Analysis

##### Concerns

- Existing Heat Action Plans focus mainly on daytime temperatures.
- Lack of standards for nighttime heat advisories.
- Rising AC usage may increase:
  - Energy demand
  - Carbon emissions.
- Poor urban planning intensifies heat exposure.

##### Vulnerable Groups

- Elderly
- Children
- Outdoor workers
- Urban poor
- Slum dwellers.

## Governance Challenges

- Weak implementation of climate-resilient housing.
- Limited coordination between:
  - IMD
  - Urban local bodies
  - Health departments.

## Way Forward

- Include nighttime heat indices in Heat Action Plans.
- Promote cool roofs and climate-resilient housing.
- Expand urban green cover.
- Strengthen IMD early warning systems.
- Integrate public health with heatwave management.
- Improve ventilation standards in affordable housing.
- Promote energy-efficient cooling systems.

## Beneath camouflage: Questions for HDFC

**A**N INVESTIGATION in this newspaper has revealed that HDFC Bank, India's largest private-sector bank by assets and market capitalisation, "camouflaged" crores of rupees as marketing spend to pay higher interest to the Maharashtra State Road Development Corporation, a public limited company fully owned by the Government of Maharashtra. The investigation found that on March 12 this year, HDFC's Audit Committee of the Board (ACB) ordered a formal "Internal Vigilance Investigation" into payments totalling Rs 45 crore made to the MSRDC during FY2024 and FY2025. This money was meant as "differential interest", that is, interest over and above the specified rate, on the MSRDC's deposits in the bank. But instead of being credited directly to the MSRDC's account as interest earned, the money was routed through the bank's marketing department, disguised as contributions to a road safety awareness campaign through four local vendors.

Notably, six days after this probe was first ordered within HDFC, its chairman, Atanu Chakraborty, resigned abruptly, citing "certain happenings and practices within the bank" not in "congruence" with his personal values and ethics. At that time, Chakraborty's resignation did not raise alarm bells, with both the interim chairman, Keki Mistry, as well as the RBI saying that there was no evidence of any misconduct. The fact is, the bank's top brass were aware of the Rs 45-crore payment, which, according to its own vigilance probe, violates RBI rules and the bank's code of ethics. It is now clear that key management personnel were fully aware of the "differential interest" being routed through the marketing department as payments for a road safety campaign by the MSRDC in a bid to attract hefty deposits from the government agency. According to the Banking Regulation Act, banks cannot give a negotiated rate to any one customer.

This episode raises several questions of corporate governance in HDFC Bank. One, why did it promise an interest rate higher than what was permissible? Two, why did it resort to routing the money via its marketing department? While these questions should be probed, the role of the MSRDC itself is not beyond suspicion, starting with its alleged demand for an upfront fee of Rs 5 crore from HDFC Bank. More importantly, it is not clear where the Rs 45 crore went. If HDFC gave that money for a road safety campaign to four vendors, what happened to the original promised interest payment? If it came to the MSRDC as interest payment through the regular channel, what about the Rs 45 crore that HDFC gave for the road safety campaign?

## KEY HIGHLIGHTS:

### Context

- An investigation revealed that HDFC Bank allegedly routed ₹45 crore to Maharashtra State Road Development Corporation (MSRDC) through "marketing expenditure" during FY2024–25.
- The amount was allegedly used to provide "differential interest" above permissible rates on deposits maintained by MSRDC with the bank.
- RBI norms prohibit banks from offering preferential negotiated interest rates to select depositors beyond prescribed rules.
- The bank's internal vigilance probe reportedly found violations of RBI regulations and internal ethical standards.
- The issue has raised concerns regarding:
  - Corporate governance,
  - Banking regulation,
  - Transparency in public fund management,
  - Ethical conduct in financial institutions.

### Key Points

- ₹45 crore allegedly routed through marketing channels instead of regular banking interest mechanisms.
- Payments linked to attracting large deposits from a state-owned corporation.
- Internal vigilance investigation ordered by the bank's Audit Committee.
- Questions raised regarding:
  - Violation of RBI norms,

- Concealment of financial transactions,
- Role of senior management,
- Accountability of public officials.
- Highlights concerns regarding:
  - Corporate governance failures,
  - Regulatory oversight,
  - Financial transparency.

### Static Linkages

- RBI regulates banks under the Banking Regulation Act, 1949.
- Corporate governance principles include transparency, accountability, integrity, and fiduciary responsibility.
- Audit Committees strengthen internal oversight and financial compliance.
- Public corporations handling government funds are expected to follow principles of public accountability.
- Vigilance and compliance mechanisms help prevent fraud and unethical financial practices.

### Critical Analysis

#### Issues

- Preferential interest arrangements violate fair banking practices.
- Use of marketing expenditure indicates possible accounting camouflage.
- Weak internal compliance and audit systems.
- Potential misuse of public funds.
- Erosion of public trust in financial institutions.

#### Ethical Concerns

- Lack of transparency and integrity.
- Conflict of interest between public agencies and private entities.
- Failure of fiduciary responsibility.
- Weak ethical culture in corporate governance.

#### Institutional Concerns

- Need for stronger RBI supervision.
- Questions over effectiveness of internal vigilance systems.
- Need for accountability of both bank officials and public corporations.

### Way Forward

- Strengthen RBI monitoring of large institutional deposits.
- Mandatory disclosure of all incentives linked to deposits.
- Enhance independence of Audit Committees.
- Strengthen forensic audit and compliance systems.
- Strict penalties for concealment of financial transactions.
- Improve ethical governance standards in banks and PSUs.
- Strengthen whistleblower protection mechanisms.

# Exam reform needs patience, preparedness

THE CENTRAL Board of Secondary Education (CBSE) announced implementation of the On-Screen Marking (OSM) system for Class XII a week before the commencement of the final examinations of nearly 18 lakh students in February — a sweeping shift from physical answer-book evaluation to a fully digital framework. The shift was not, in itself, misguided. Large public institutions cannot remain untouched by technological change, and examination systems inevitably require modernisation. Yet the turmoil following the rollout — from blurred scans and missing pages to payment failures, answer-sheet mismatches and cybersecurity concerns — reveals a deeper lacuna: Of ambition outpacing preparedness. It also highlights an administrative shortsightedness that believes digitisation itself is synonymous with progress.

Software systems — especially those handling the futures of millions — require phased implementation, stress testing, repeated trial runs under real conditions, and robust grievance redressal mechanisms. Teachers need training and infrastructure must be reliable across urban and rural centres. For the OSM rollout, as a report in this newspaper noted, a dry run was conducted in January in five schools, where teachers from central, state and private schools were trained in the system for three days. However, no pilot projects were conducted across the CBSE's regional offices. What makes the episode especially troubling is that it is part of a broader pattern of insufficiently tested reforms introduced in quick succession by the CBSE. These include introduction of a three-language policy for students of Class IX from July, two board examinations a year for Class X students, a shift to competency-based questions, and a revised re-evaluation process.

A parliamentary panel has summoned senior officials from the education ministry and the CBSE for a meeting on June 2 to review the OSM fiasco as well as the three-language policy; IIT Madras and Kanpur and four public-sector banks have been brought in to help with the systemic glitch. Fixing accountability is a good place to start but the way forward demands a less breathless imagination of reform. In a country where competition is fierce and opportunities limited, examinations carry disproportionate consequences. A misplaced script or a failed portal can alter futures irreversibly.

## KEY HIGHLIGHTS:

### Context

- CBSE introduced the On-Screen Marking (OSM) system for Class XII board evaluation before the 2026 examination cycle.
- Around 18 lakh students were affected by the transition from physical to digital evaluation.
- Major issues reported:
  - Blurred/incomplete scans
  - Missing answer-sheet pages
  - Portal/payment glitches
  - Cybersecurity concerns
- Parliamentary panel summoned CBSE and Education Ministry officials to review:
  - OSM implementation failure
  - Three-language policy concerns
- IIT Madras, IIT Kanpur, and PSU banks were involved in resolving technical glitches.

### Key Points

- OSM aims to:
  - Increase transparency
  - Speed up evaluation
  - Reduce logistical burden
- CBSE conducted only a limited dry run in five schools.
- No nationwide pilot testing across regional offices.
- Issue highlights:
  - Weak digital preparedness
  - Inadequate training
  - Poor grievance redressal
  - Risks of rapid reforms without institutional readiness

- Other recent CBSE reforms:
  - Two board exams annually
  - Competency-based assessment
  - Three-language policy
  - Revised re-evaluation process

### Static Linkages

- Right to Education principles
- Digital India Programme
- National Education Policy (NEP) 2020
- E-Governance principles:
  - Transparency
  - Accountability
  - Efficiency
- Second Administrative Reforms Commission:
  - Process re-engineering before digitisation
  - Capacity building in governance
- Good Governance principles:
  - Responsiveness
  - Reliability
  - Citizen-centric administration

### Critical Analysis

#### Advantages

- Faster result processing
- Reduced physical handling of answer sheets
- Better transparency and digital record management
- Supports Digital India objectives

#### Challenges

- Technical glitches affecting examination credibility
- Digital divide across regions
- Lack of teacher training
- Weak cybersecurity preparedness
- Absence of large-scale pilot testing
- Student anxiety due to system failures

#### Governance Issues

- Reform implementation without preparedness
- Weak institutional coordination
- Inadequate grievance redressal
- Technology viewed as substitute for administrative reform

### Way Forward

- Conduct phased pilot projects before nationwide rollout.
- Strengthen digital infrastructure in all regions.
- Ensure comprehensive teacher training.
- Establish strong cybersecurity safeguards.
- Create robust grievance redressal mechanisms.
- Maintain backup physical verification systems.
- Adopt gradual and evidence-based education reforms.
- Regular third-party technical audits.

# Why your credit card is now less rewarding

Card issuers are curtailing points, cashbacks and benefits. Behind this is a combination of factors, from rising costs to tighter regulations



SIDDHARTH UPASANI

THE 'R/CREDITCARD/SINDIA' community on the social media platform Reddit has nearly 3.5 lakh members. Amid the usual chatter about credit scores and credit cards, one subject has dominated its message boards in recent months: how maximising reward points, cashbacks, air miles and other benefits has become increasingly difficult.

This month, IDFC First Bank capped the validity of reward points earned on some of its credit cards to two years, among other changes, joining a list of banks that have taken steps in recent months that, in the eyes of the consumers, "devalue" the card.

Perhaps the devaluation that caused the greatest furore this year was that of the popular Airtel Axis Bank card, which has a pre-tax annual fee of Rs 499. Before April 12, it gave a 20% cashback — capped at Rs 250 per month — on Airtel bills paid via the telecom provider's app. Now, to continue getting that monthly Rs 250 cashback, one would have to spend Rs 12,500 on other eligible transactions. "This complicates the entire cashback system to such an extent," one Redditor commented. "You have to micromanage your spending — make this your primary card for what? Another —50-100 rupees savings a month?"

**Industry-wide devaluation**  
Rewards, cashbacks and other benefits have been curtailed across issuers (see graphic). Several cards have benefits such as complimentary airport lounge access, usually limited to one use per quarter. Now this is conditional on a minimum spend in the previous month.

Aakash Rachh, CFA and Qualified Financial Advisor at personal finance firm 1 Finance, said: "The days of a standalone card competing for rewards alone are ending." As for the current wave of devaluations, recourse is limited for users as reward programmes and benefits are discretionary, and only a change in charges requires at least one month's notice.

"The practical workaround most users have adopted is to track their card anniversary dates closely and close or downgrade before the renewal fee hits, rather than seek refunds after the fact. The only formal route available is to file a written complaint to the bank, escalating to the RBI Ombudsman if unresolved within 30 days, or filing under the Consumer Protection Act, 2019," he said.

For a section of users, figuring out which card offered the greatest benefits was something of a game. Now, it has become a whole-sale review of all the cards they hold to see if they are worth the annual fee charge.

How large is this group of credit card gamers? According to a survey conducted last year by Investigo, a credit card rewards management app, only 5% of users do their own research before picking a card, 4% regularly track their use of reward points, and just 3% "strategically optimise every spend". With 11.86 crore credit cards issued at the end of March, 3% comes to about 35 lakh, roughly 10 times the membership of the r/CreditCardIndia subreddit.

**Value over volume**  
Three things "broke at once" for banks and card issuers, according to Rachh of 1 Finance. One, airport lounges got more expensive, with the country's largest aggregator, DreamMiles, ending domestic operations in the second half of 2025 as air-

## • Growth of credit cards in India

Number of credit cards (in crore)  
Growth (year-on-year, right-hand scale) • Key events



SOURCE: RESERVE BANK OF INDIA

## • Devaluation spree

Some examples of credit card issuers curtailing benefits

- HDFC Bank Infinia**
  - Annual fee: **Rs 12,500**
  - New requirements to retain it: **Rs 10 lakh spend in 2025-26**, or "Total Relationship Value of **Rs 50 lakh** with bank"
- American Express Platinum Travel**
  - Annual fee: **Rs 5,000**
  - Benefit: Up to **40,000** reward points, **1x voucher for Rs 10,000**
  - Sequenced annual spend to avail it: **Up from Rs 4 lakh to Rs 7 lakh**
- SBI Cashback**
  - Annual fee: **Rs 999**
  - Earlier 5% monthly cashback on online spends capped at **Rs 5,000**
  - This cashback is now capped at **Rs 2,000**

port operations began to directly provide access to lounges. This forced banks into direct partnerships at likely higher costs.

On the banking side, two issuers cropped up higher credit card defaults and the Reserve Bank of India (RBI), in November 2023, ordered banks to set aside more capital for credit card loans amid worries over the rapid growth of unsecured personal loans. As this directly squares profits, "greenies reward programs are the first cost to be cut".

"When the regulator forces banks to book significantly more capital against every rupee of outstanding credit card balance, which accounts for 19% of all issued credit cards and payments by them at point-of-sale terminals and online. In January-March, it issued 9.17 lakh cards and expects to add a similar number in the current quarter with a focus on "high-value, good quality customers, which ultimately add value to the overall financials of the company", Sallia Pande, MD and CEO of SBI Card, said in April.

The shift to a "value over volume strategy", according to Santosh Agarwal, CEO

at Paisabazaar, has led to credit cards being issued at a slower pace now than immediately after the Covid pandemic, when banks expanded aggressively, including in Tier 2 and Tier 3 cities. The number of credit cards has increased to 11.86 crore at the end of 2023-24. But year-on-year growth has plunged from 21% at the end of 2022 to just 8% now (see graphic).

**Revolvers hoisted**

Profits from the credit cards segment are also dwindling due to improved repayment behaviour over the long term. Interest rates on credit cards, some of the highest on any product, are usually north of 25% per year. When someone does not pay the full amount due, interest starts piling up on the unpaid balance. People who pay interest on the balance unpaid amount are called "revolvers" because the credit card facility is akin to a revolving credit line you borrow, pay back, and borrow again.

The high rate of interest makes credit cards an attractive business proposition for banks, which is why they are willing to tolerate the initial losses as they expand aggressively in the hope that it bears fruit later. However, after Covid-19, the share of revolvers has fallen, drying up profits for lenders. "If you look at over the last few years, the decline in the level of revolvers has maintained a very profitable business," Anirudh Banerjee, ICICI Bank's Group Chief Financial Officer, said last month.

For SBI Card, the share of revolvers in receivables stood at 25% in January-March, down from 24% in the first three months of 2025 and 40% in January-March 2023. And it's expected to keep trending down.

So, what does the future hold for the credit card issuer? Has the Indian market reached a saturation point? Not even close, said Agarwal of Paisabazaar, although the days of "super-natural growth" may be behind us. "We might see the credit card landscape evolving into two parts — premium cards for niche segments with high annual fees, tight eligibility but strong value proposition, and standard cards for the larger sections with decent but limited value. The strongest, more curated benefits will be reserved for customers who can bring higher lifetime value for the banks," he said.

**FUTURE PLAY**

FULL REPORT ON [WWW.INDIANEXPRESS.COM](http://WWW.INDIANEXPRESS.COM)

## Tracking gains

According to a survey last year, only 5% of users do their own research before picking a card.

Only 4% regularly track their use of reward points, and just 3% strategically optimise every spend.

## KEY HIGHLIGHTS:

### Context

- Credit card issuers in India have reduced rewards, cashback, lounge access, and loyalty benefits due to rising costs and regulatory tightening.
- Reserve Bank of India increased risk weights on unsecured retail loans, including credit card receivables, in 2023.
- Banks are shifting from aggressive expansion to a "value over volume" strategy focused on high-value customers.
- Growth in credit card issuance declined from about 21% (2023) to nearly 8% (2026).

### Key Points

- India had around 11.86 crore credit cards by March 2026.
- Credit cards are part of unsecured lending.
- Banks reduced benefits due to:
  - Higher defaults,
  - Increased capital requirements,
  - Rising operational costs.
- Airport lounge partnerships became costlier after changes in aggregator-based models.
- Share of "revolvers" (users paying interest on unpaid balances) has declined, reducing profitability.
- RBI's higher risk-weight norms aim to strengthen banking system stability.

### Static Linkages

- Higher risk weight → banks maintain more capital against risky loans.
- Unsecured loans have higher default risk than secured loans.

- Credit creation is an important function of commercial banks.
- Financial literacy is essential for responsible borrowing.
- Prudential regulation ensures financial stability.
- Consumer protection mechanisms exist under Banking Ombudsman framework.

## Critical Analysis

### Positives

- Strengthens banking sector resilience.
- Reduces excessive risky lending.
- Encourages responsible borrowing behaviour.
- Improves quality of banking assets.

### Concerns

- Reduced benefits lower consumer confidence.
- Complex reward systems create lack of transparency.
- Slower credit expansion may affect consumption demand.
- Tier-2 and Tier-3 consumers may face reduced access to credit.

### Regulatory Dimension

- RBI balances:
  - Financial innovation,
  - Consumer protection,
  - Systemic stability.

## Way Forward

- Improve financial literacy on credit usage.
- Ensure transparent disclosure of reward-policy changes.
- Strengthen responsible lending practices.
- Enhance digital consumer protection mechanisms.
- Maintain balance between credit growth and financial stability.